

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6713**

**BILL NUMBER:** HB 1067

**NOTE PREPARED:** Mar 11, 2024

**BILL AMENDED:** Mar 8, 2024

**SUBJECT:** Human Services Matters.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:** Sen. Bohacek

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Special Service Review:* This bill establishes the Special Service Review Team to review denied applications and applications for which a determination has not been made for the Community Integration and Habilitation waiver. It limits the geographical area of review. It establishes reporting requirements. It requires the Division of Disability and Rehabilitative Services (DDRS) to obtain consent from a waiver applicant in order to share the application and information accompanying the application with the review team. It provides immunity for an employee who obtains consent and provides the information in good faith. It also provides that the review team expires December 31, 2026.

*Emergency Placement Priority:* This bill makes changes to the situations in which an emergency placement priority may be provided for individuals under a Medicaid waiver.

*Commission on Aging and CHOICE Board:* This bill amends the membership of and provisions concerning: (1) the Indiana State Commission on Aging; and (2) the Community and Home Options to Institutional Care for the Elderly and Disabled Board (CHOICE Board).

*IDD Task Force:* This bill requires the Services for Individuals with Intellectual and Other Developmental Disabilities Task Force (IDD Task Force) to establish, not later than May 1, 2024, a subcommittee to make recommendations to the IDD Task Force regarding the Medicaid buy-in program and benefit related barriers to employment for individuals with intellectual and developmental disabilities. It requires the subcommittee to prepare and submit recommendations to the IDD Task Force. It changes the expiration date of the IDD Task Force. It also requires the DDRS to provide quarterly updates to the DDRS Advisory Council regarding the implementation of recommendations made by the IDD Task Force.

*Risk-Based Managed Care Program:* This bill authorizes the Office of the Secretary of Family and Social Services (FSSA) to implement a risk based managed care program for certain Medicaid recipients. It requires the Office of Medicaid Policy and Planning to convene a workgroup and, with managed care organizations, to conduct a claims submission testing period before the risk based managed care program is established. It also provides that, during the first 210 days after the risk based managed care program is implemented, a provider that experiences a financial emergency due to claims payment issues shall receive temporary emergency assistance from the managed care organizations with which the provider is contracted.

*Community Mental Health Centers:* This bill requires the FSSA and the Division of Mental Health and Addiction (DMHA) to include each Community Mental Health Center that meets certain requirements in the Community Mental Health Services Demonstration Program, if Indiana is approved to participate in the program and as a state plan amendment for specified reimbursement after the program. It also allows the FSSA and the DMHA to apply for a Medicaid state plan amendment or waiver to allow for Medicaid reimbursement for eligible Certified Community Behavioral Health Clinic services by certain Medicaid providers, if Indiana is not approved to participate in the program.

**Effective Date:** Upon passage; July 1, 2024; January 1, 2025.

**Explanation of State Expenditures:** *Community Mental Health Centers:* The bill requires that a Medicaid provider, including a Community Mental Health Center (CMHC), be reimbursed by Medicaid for all of the services for which a Certified Community Behavioral Health Clinic (CCBHC) would receive Medicaid reimbursement. The magnitude of increased Medicaid costs is indeterminate but would be based on the services offered by a Medicaid provider that would not otherwise have been reimbursed.

Applying for the Medicaid state plan amendment or waiver to include CCBHC services in other Medicaid provider reimbursement is a routine administrative functions of the FSSA.

*Risk-Based Managed Care Program:* The bill's provisions requiring testing of the claims submission process could increase costs for managed care organizations which may be passed on to the Medicaid program. The bill requires the Office of Medicaid Policy and Planning, with federal approval of prepayments for providers in financial emergency, to oversee the financial emergency process, including making determinations that a provider is in a financial emergency and to convene a workgroup, as prescribed in the bill. The FSSA reports that the bill's requirements are within the agency's routine administrative functions.

*Emergency Placement Priority:* The bill will have an indeterminate impact on the number of emergency placement applications by removing alternative living arrangements as a consideration, although this is not the primary criterion used by the FSSA in choosing emergency placement. The cost of services provided to an individual is based on placement. The waiver services provided for an individual may cost more than institutional care for that specific individual, but overall waiver services are cost neutral compared to institutional care based on the terms of the entire waiver.

*Special Service Review:* The bill will increase workload and expenditures by a minimal amount for the DDRS for the Special Service Review Team. The review team sunsets on December 31, 2026.

*IDD Task Force:* Between January 1, 2025, and December 31, 2027, the bill requires the DDRS to provide quarterly updates to the DDRS Advisory Council regarding implementation of the recommendations made by the IDD Task Force. This requirement is within the routine administrative functions of the DDRS and should be able to be implemented with no additional appropriations, assuming near customary agency

staffing and resource levels.

No later than May 1, 2024, the bill requires the IDD Task Force to establish a subcommittee. This requirement could result in additional per diem and travel expenses depending on the number of members appointed to the subcommittee and the number of subcommittee meetings held. The bill also moves the sunset date for the IDD Task Force from December 31, 2025, to December 31, 2024. Any change in total expenditures of the IDD Task Force will depend on the increased cost for the new subcommittee and the reduced cost of holding fewer meetings of the IDD Task Force.

*Commission on Aging and CHOICE Board:* This bill modifies the makeup of the Commission on Aging and requires that the Executive Director of the Indiana Housing and Community Development Authority (IHCDA) be a Commission member.

This bill expands the CHOICE Board from 15 to 17 members, including a lay member and the Executive Director of the IHCDA. Each board members who is not a state employee is entitled to \$100 per diem and travel reimbursement for each meeting. Each member who is a state employee is entitled to travel reimbursement. These membership provisions should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels for the IHCDA.

The bill requires the Governor to appoint new members to the Commission on Aging and to appoint a member to the CHOICE Board. This is within the Governor's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary staffing and resource levels.

*Additional Information:*

*Medicaid:* Medicaid and the Children's Health Insurance Program (CHIP) are jointly funded between the state and federal governments. The state share of costs for most Medicaid medical services for FFY 2024 is 34%, 10% for the age 19 to 64 expansion population within the Healthy Indiana Plan (HIP), and 24% for CHIP. The state share of administrative costs is 50%. The state share of most Medicaid and CHIP expenditures is paid from General Fund appropriations, and state dedicated funds primarily cover HIP costs.

*Community Mental Health Centers:* CCBHCs and CMHCs treat similar populations and provide similar services, but CCBHCs provide some additional services to additional populations. The CCBHCs are reimbursed by a perspective payment system (PPS) which provides a daily rate for all services provided to a qualified Medicaid recipient during a single day. CMHCs receive a majority of their patient services reimbursement through the Medicaid Rehabilitative Option (MRO), which provides reimbursement based on a level of service determined by the client's condition. Currently, Indiana has 24 certified CMHCs.

CCBHCs are clinics that provide a range of mental health and substance use services and are required to provide assistance to anyone who requests care regardless of their diagnosis, age, place of residence, or ability to pay. CCBHCs are also required to have crisis services available 24 hours a day, 7 days a week. No CCBHCs are currently certified by Indiana.

In order to be considered a CCBHC, a CCBHC must serve all consumers who seek help regardless of ability to pay, therefore a higher percentage of CCBHCs than CMHC's offer treatment at no charge or minimal payment in Demonstration Program states, of which Indiana currently is not.

*Emergency Placement Priority:* In CY 2022, there were 556 emergency placement applications filed and 531 decisions rendered on applications. Of the decisions rendered, 237 (45%) were approved.

*IDD Task Force:* The IDD Task Force was established in 2017 and generally meets twice per year. It consists of 21 members—4 legislators, 8 lay members, and 9 state employees. As of March 2024, legislator per diem is \$196, and lay member per diem is \$100. Legislative members receive travel reimbursement of \$0.67 per mile, while lay members and state employee members receive \$0.49 per mile.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Community Mental Health Centers:* If Indiana receives a demonstration grant, CMHCs that can meet federal requirements will be appointed as CCBHCs. This may increase the cost of care provided by CMHCs based on the services offered.

**Explanation of Local Revenues:** *Community Mental Health Centers:* CMHCs may receive additional reimbursement for additional services, if FSSA has an approved state plan amendment or waiver. If Indiana becomes a demonstration state, the method of reimbursement for certain services may change.

**State Agencies Affected:** Division of Disability and Rehabilitative Services, Office of Medicaid Policy and Planning, Family and Social Services Administration; Indiana Housing and Community Development Authority; Governor’s Office.

**Local Agencies Affected:** Community Mental Health Centers.

**Information Sources:**

HEA 1001-2023 SECTION 8; State Research Data Brief: *Variation In Services Offered by Certified Community Behavioral Health Clinics & Community Mental Health Centers*, Mathematica, published June 2021; <https://www.samhsa.gov/certified-community-behavioral-health-clinics>; <https://www.in.gov/fssa/dmha/state-psychiatric-hospitals/community-mental-health-center-resources>; <https://www.in.gov/fssa/dmha/certified-community-behavioral-health-clinic>; <https://cdn.arcind.org/wp-content/uploads/2023/05/DDRS-Advisory-Council-BDDS-Slides-May-2023.pdf>.

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